

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY	
Caption in Compliance with D.N.J. LBR 9004-2(c)	
Greenbaum, Rowe, Smith & Davis LLP Metro Corporate Campus One P.O. Box 5600 Woodbridge, New Jersey 07095 (732) 549-5600 Attorneys for Jointly Administered Debtors David L. Bruck, Esq.	
In re:	Chapter 11 Proceeding
S.A.M. GRAPHICS, INC., et al. ¹ Debtor.	Lead Case No.: 11-17642 (KCF)
S.A.M. GRAPHICS, INC. et al., Plaintiffs, vs. COURIER SYSTEMS, INC., Defendant.	Adversary Proceeding No. 11-_____

**VERIFIED ADVERSARY COMPLAINT FOR TURNOVER OF PROPERTY
OF THE ESTATE, FOR SANCTIONS FOR WILLFUL VIOLATION OF THE
AUTOMATIC STAY AND FOR INJUNCTIVE RELIEF**

Plaintiffs S.A.M Graphics, Inc. d/b/a School Photo Marketing, Inc. and/or Milleniumm Graphics ("S.A.M."), Fundraising Solutions 2, Inc. ("FS2"), and Fundraising Solutions, Inc. ("FS") (collectively "Debtors" or "Plaintiffs"), New Jersey corporations and jointly administered debtors in the above captioned bankruptcy proceedings, by and through its counsel, Greenbaum, Rowe, Smith & Davis, LLP, by way of Complaint for turnover of property of the estate and for sanctions for willful violation of the automatic

¹ The following debtors filed for Chapter 11 protection, which cases are being jointly administered under Lead Case No. 11-17642-KCF: Fundraising Solutions 2, Inc., Case No. 11-17644-KCF; Fundraising Solutions, Inc., Case No. 11-17647-KCF.

stay against Courier Systems, Inc. ("Courier" or "Defendant"), pursuant to Title 11 of the United States Code (the "Bankruptcy Code") Sections 362 and 542, and for injunctive relief against Courier pursuant to 11 U.S.C. §105, alleges as follows:

JURISDICTION

1. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 157(b) and 1334.
2. This adversary proceeding arises out of and relates to the Chapter 11 case of S.A.M, Lead Case No. 11-17642, pending in the United States Bankruptcy Court for the District of New Jersey. This adversary proceeding arises under 11 U.S.C. §§105, 362 and 542.
3. This action is a core proceeding under 28 U.S.C. §§ 157(A), (E) and (F).
4. Venue of this adversary proceeding in this District is proper under 28 U.S.C. § 1409.

PARTIES

5. S.A.M. is the debtor in the Chapter 11 Lead Case No. 11-17642 pending before the Honorable Kathryn C. Ferguson.
6. FS2 is the debtor in the in the Chapter 11 Case No. 11-17644 pending before the Honorable Kathryn C. Ferguson.
7. FS is the debtor in the Chapter 11 Case No. 11-17647 pending before the Honorable Kathryn C. Ferguson.
8. Courier is an entity doing business in New Jersey with a business address of 30 Pulaski Street, Bayonne, New Jersey 07002.

BACKGROUND

9. On March 15, 2011, Debtors filed the within Chapter 11 proceedings and remain in possession of its assets as debtors-in-possession (the "Petition Date").

10. Pre-petition, Courier and Debtors entered into an agreement pursuant to which Courier was to provide warehousing and distribution services to Debtors and maintain Debtors' equipment and inventory at its Bayonne facility.

11. Courier is listed as an unsecured creditor on each Debtor's petition. Courier has notice of the Debtors' bankruptcy filings.

12. As of the Petition Date Courier was and remained in possession of certain equipment and inventory belonging to the Debtors and has refused after demand to turn over same to Debtors. Attached hereto as **Exhibit "A"** is a list of the Debtors' inventory items that remained in Courier's possession as of the Petition Date. In addition, Courier is in possession of the following equipment belonging to the Debtors: five new computers; one new Dell Server, and nine RF Scanners.

13. On or about May 2, 2011, a letter was sent to Courier by Debtors' counsel advising that Debtors had filed Chapter 11 petitions and that the refusal to turn over the equipment and inventory was a violation of 11 U.S.C. §362, and would, if continued, subject Courier to damages and sanctions. A copy of the letter is attached hereto as **Exhibit "B."**

14. In response, Courier sent an invoice to the Debtors requesting a payment of \$68,182.50. Notwithstanding the demand to turn over the equipment and inventory, Courier continues to retain possession of the equipment and inventory.

15. The inventory and equipment are assets belonging to the Debtors.

COUNT I

TURNOVER OF PROPERTY OF THE ESTATE UNDER 11 U.S.C. § 542

16. Plaintiffs repeat and reallege paragraphs 1 through 15 as if fully set forth herein.

17. Pursuant to 11 U.S.C §541, Debtors' equipment and inventory is property of Debtors' bankruptcy estate.

18. Courier is not entitled to retain the equipment and inventory on account of its unsecured claim against the Debtors.

19. Courier received notice of Debtors bankruptcy filing and has willfully refused after demand and notice to return the equipment and inventory to Debtors.

20. The equipment and inventory is the property of the Debtors' estate that the Debtors may use or sell under Section 363 of the Bankruptcy Code.

21. Pursuant to Section 542(a) of the Bankruptcy Code, Courier is obligated to account for and deliver to the Debtors the equipment and inventory.

WHEREFORE, Debtors request entry of judgment against Defendant as follows:

- (a) Directing Courier to immediately turn over and provide Debtors with possession of the equipment and inventory; and
- (b) For such other relief as this Court deems just and equitable.

COUNT II

**COURIER SHOULD BE ENJOINED PURSUANT TO 11
U.S.C. §105 FROM DISPOSING OF THE EQUIPMENT
AND INVENTORY PENDING THE FINAL DECISION OF
THIS COURT**

22. Plaintiffs repeat and reallege paragraphs 1 through 21 as if fully set forth herein.

23. Pending the final decision of this Court regarding Courier's duty to return the equipment and inventory to Debtors, Courier should be enjoined from selling or otherwise disposing of the equipment and inventory.

24. Courier should also be obligated to take reasonable steps to secure the equipment and inventory and preserve its value pending this Court's final decision regarding Debtors' request for the return of the equipment and inventory.

25. The equipment and inventory is essential to the business and operation of Debtors' business.

26. Injunctive relief is appropriate because Debtors are likely to prevail on the merits of this action; the failure to enjoin Courier from disposing of the equipment and inventory pending the final decision of this Court will cause immediate and irreparable harm to Debtors and will be contrary to the public interest in Debtors' successful reorganization; and the relative harm to the Debtors outweighs the potential harm to Courier.

27. This Court is authorized to enter an injunctive Order pursuant to its equitable powers set forth in Section 105 of the Bankruptcy Code.

WHEREFORE, Debtors request the following relief:

- (a) Courier be enjoined from selling or otherwise disposing of the equipment and inventory pending the final decision of this Court regarding the turn over of the equipment and inventory to Debtors;
- (b) Directing Courier to take reasonable steps to protect and otherwise preserve the value of the equipment and inventory; and
- (c) For such other relief as this Court deems just and equitable.

COUNT III

COURIER IS LIABLE FOR DAMAGES FOR ITS WILLFUL VIOLATION OF THE AUTOMATIC STAY PURSUANT TO SECTION 362 OF THE BANKRUPTCY CODE

28. Plaintiffs repeat and reallege paragraphs 1 through 27 as though fully restated herein.

29. Courier's retention of Debtors' property despite Debtors demand for its return is in violation of the automatic stay imposed by Section 362 of the Bankruptcy Code.

30. Courier's violation of the automatic stay is willful in light of its knowledge of Debtors' Chapter 11 filings and its refusal to respond affirmatively to Debtors' demand for the return of the equipment and inventory.


31. The retention of the equipment and inventory by Courier is not authorized by any provision of the Bankruptcy Code.

WHEREFORE, Debtors request entry of judgment against Defendant as follows:

- (a) Declaring that Courier's actions are in violation of the automatic stay provisions of the Bankruptcy Code, 11 U.S.C. §362;
- (b) Awarding costs of suit including reimbursement of professional fees incurred by Debtors against Courier;
- (c) Imposing such sanctions against Courier as appropriate; and
- (d) For such other relief as this Court deems just and equitable.

Respectfully submitted,

GREENBAUM, ROWE, SMITH & DAVIS LLP
Attorneys for Plaintiffs/Debtors

By: 
David L. Bruck, Esq.

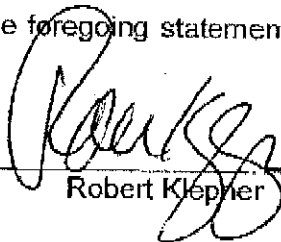
Date: May __, 2011

VERIFICATION

I, ROBERT KLEPNER, of full age, do hereby certify as follows:

1. I am the President of the Debtors, S.A.M. Graphics, Inc.; Fundraising Solutions 2, Inc. and Fundraising Solutions, Inc., and, as such, have personal knowledge of the matters set forth herein.

2. I have read the foregoing Verified Complaint and verify that all of the allegations contained in the Verified Complaint are true and correct to the best of my personal knowledge. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


Robert Klepner

DATED: May __, 2011

EXHIBIT 'A'

Courier Inventory

	A	B	C	D	E	F	G	H
1	Item	Cost	Description	Pend Sales	pcs/Box	# of Boxes	Total Pcs	Ttl Cost of Inv
2	1823	\$1.82	Shoe Organizer	7	40	80	3200	\$5,824.00
3	8920	\$1.21	Silicone Collapsible Colander with Handle	2	48	38	1824	\$2,207.04
4	8059	\$0.96	Salad Shaker Bowl	2	48	15	720	\$691.20
5	8855	\$1.16	Reindeer Friends Ceramic Plate	27	24	74	1776	\$2,060.16
6	9242	\$1.16	All-Around Tote Bag	1	80	10	800	\$928.00
7	1624	\$0.85	Everyday Flat Wrap	2	45	44	1980	\$1,683.00
8	9436	\$0.68	Black & White Gift Bags	3	48	58	2784	\$1,893.12
9	9415	\$0.67	Table Manners Practice Pals	9	144	17	2448	\$1,640.16
10	9391	\$0.43	State Quarter Collector's Book	18	100	11	1100	\$473.00
11	9396	\$0.75	Responsibility Chart	1	144	31	4464	\$3,348.00
12	9237	\$0.50	Tabletop Camera Tripod	6	200	14	2800	\$1,400.00
13	8924	\$2.19	Bamboo Cracker Tray	1	60	2	120	\$262.80
14	9242	\$1.16	All-Around Tote Bag	2	80	18	1440	\$1,670.40
15	085	\$0.92	GUMMI FRUIT SLICES	3	24	6	144	\$132.48
16	9061	\$1.20	Flatware Mittens - Set of 4	1	96	7	672	\$806.40
17	8038	\$0.95	Large Measuring Cup	4	36	26	936	\$889.20
18	1363	\$1.05	Crayon Reindeer Craft Wrap	9	48	5	240	\$252.00
19	8312	\$1.40	File Folders - Set of 12	1	50	15	750	\$1,050.00
20	8676	\$1.85	Reindeer Friends Gift Bags	6	36	12	432	\$799.20
21	9319	\$1.99	Celebrate Birthday Memory Keep	1	24	38	912	\$1,814.88
22	9063	\$1.09	Christmas Presents Salt & Pepper	1	96	34	3264	\$3,557.76
23	1628	\$1.15	Holiday Flat Wrap	12	30	14	420	\$483.00
24	8186		Jumbo Calendar		100	8	800	\$0.00
25	2835	\$0.54	Black & White Floral Mug	7	36	8	288	\$155.52
26	9051	\$0.78	First Slice Lifter	7	120	2	240	\$187.20
27	2602	\$0.54	Adelaide Oval Frame	0	55	4	220	\$118.80
28	1682	\$0.50	SolidTissue Color Christmas	1	48	6	288	\$144.00
29	2605	\$6.17	Sadie Ring Holder	2	12	7	84	\$518.28
30	070	\$0.94	CHOCOLATE COVERED PRETZELS	32	24	2	48	\$45.12
31	9099	\$1.00	Silicone Baking Sheet Liner	1	145	2	290	\$290.00
32	5284	\$0.75	Super Value Gift Tag Assortment	2	48	23	1104	\$828.00
33	8349	\$1.25	Kitchen Prayer Plaque	31	48	12	576	\$720.00
34	1145	\$3.33	Sunrise Necklace	0	300	3	900	\$2,997.00
35	9167	\$1.43	Santa Candycane Countdown	4	64	2	128	\$183.04
36	8107	\$0.76	-Shaped HeartCupcake Molds	7	192	7	1344	\$1,021.44

5/10/2011

Courier Inventory

	A	B	C	D	E	F	G	H
1	Item	Cost	Description	Pend Sales	pcs/Box	# of Boxes	Total Pcs	Ttl Cost of Inv
37	9381	\$2.05	Nesting Bowls With Lids	42	16	50	800	\$1,640.00
38	097	\$0.97	CHOCOLATE COVERED RAISINS	15	48	20	960	\$931.20
39	001	\$1.13	Chocolate Covered Almonds	43	48	19	912	\$1,030.56
40	2854	\$1.10	Live, Laugh, Love Frame	5	36	8	288	\$316.80
41	082	\$0.92	NEAPOLITAN PRETZEL MIX	3	24	18	432	\$397.44
42	0173	\$0.50	All Occasion Tissue Assortment	8	48	40	1920	\$960.00
43	8381	\$1.07	Chalk Mug	4	48	3	144	\$154.08
44	9717	\$0.41	Flexible Cutting Boards	7	160	9	1440	\$590.40
45	8924	\$2.19	Bamboo Cracker Tray	1	60	18	1080	\$2,365.20
46	8027	\$1.02	Bamboo Fruit Basket	380	40	35	1400	\$1,428.00
47	9413	\$0.91	Cracker Containers - Set of 2	86	48	62	2976	\$2,708.16
48	400	\$0.85	Peanut Brittle	36	12	72	864	\$734.40
49	4111	\$2.00	Gourmet Butter Toasted Peanuts	37	12	13	156	\$312.00
50	1111	\$2.00	Gourmet Salted Peanuts	26	12	14	168	\$336.00
51	9803	\$1.35	Family Ornament	5	108	2	216	\$291.60
52	5288	\$1.20	Gift Bag-Wiggly-Eyed	10	33	36	1188	\$1,425.60
53			Del. Cheesecake Cone		12	32	384	\$0.00
54								\$56,695.64

EXHIBIT 'B'

Greenbaum Rowe
Smith & Davis LLP

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May 2, 2011

VIA FAX/REGULAR MAIL AND EMAIL

Courier Systems, Inc.
30 Pulaski Street
Bayonne, NJ 07002

Re: ***S.A.M. Graphics, Inc.***
Chapter 11 Case No. 11-17642-KCF

Dear Sir:

I am bankruptcy counsel to S.A.M. Graphics, Inc. and its affiliates. S.A.M. Graphics is a chapter 11 debtor in possession in a bankruptcy proceeding pending in the U.S. Bankruptcy Court for the District of NJ, Case 11-17642. Pursuant to the provisions of the automatic stay Section 362 of the Bankruptcy Code, upon the filing of the petition creditors are precluded from taking any act to attempt to collect monies owed by the Debtor.

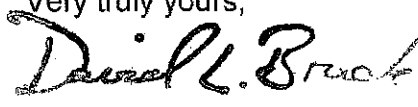
My client advises that you are in possession of inventory and equipment owned by the Debtor and that you refuse to permit the Debtor to remove its property. Such is a violation of the automatic stay. This letter serves as demand upon you for the immediate turn over of the Debtor's property. If you fail to do so, I am authorized to seek costs and sanctions against you and will do so.

Please confirm that the Debtor will have access to its inventory and equipment by

Greenbaum Rowe
Smith & Davis LLP

Courier Systems
May 2, 2011
Page 2

no later than 9:00 a.m on Thursday, May, 5, 2011. Hearing nothing from you the appropriate legal action will be filed against you.

Very truly yours,

David L. Bruck

DLB:aam

cc: Mr. Robert Klepner
Edward Weisslitz, Esq. *via fax and regular mail*

Dictated but not read.